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Farm Outlook

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FARM OUTLOOK

CATTLE . . .

Cattle slaughter continued above year earlier levels during the late summer. And for the first 8 months of the year, federally inspected slaughter was up 4 percent. Despite larger marketings, cattle prices have remained relatively strong. In early September, Choice steers sold in Chicago mainly within a $27 to $29 range — 50¢ to $1 above a year earlier.

More cattle moved into feedlots during the spring and summer than in 1967. The number of cattle on feed July 1 in 32 states was estimated to be 7 percent above a year earlier. And the August 1 on-feed count in 6 feeding states was up 11 percent from last year. As a result, fed cattle marketings are expected to remain above last year's levels during the October-December quarter. Also winter marketings are likely to exceed the previous year. Slaughter of cows and other non-fed cattle will be seasonally large this fall, but should be no larger than a year ago.

It looks as though total beef supplies this fall and winter will be moderately larger than a year earlier. Prices on fed cattle are likely to weaken some this fall—probably a dollar or more from early September levels. Winter prices may also be down $1 or more from last year, when weekly averages on Choice steers at Chicago ranged between $26.65 and $28.

Marketings later next year will be greatly influenced by the level of placements into feedlots this fall and winter. Supplies of yearling and older cattle for movement to feedlots appear to be smaller than a year ago. If so, fed cattle marketings in the late spring and summer of next year may show little or no increase from 1968. But calf supplies are larger than in 1967, so that fall and winter movement to feedlots is expected to be up.

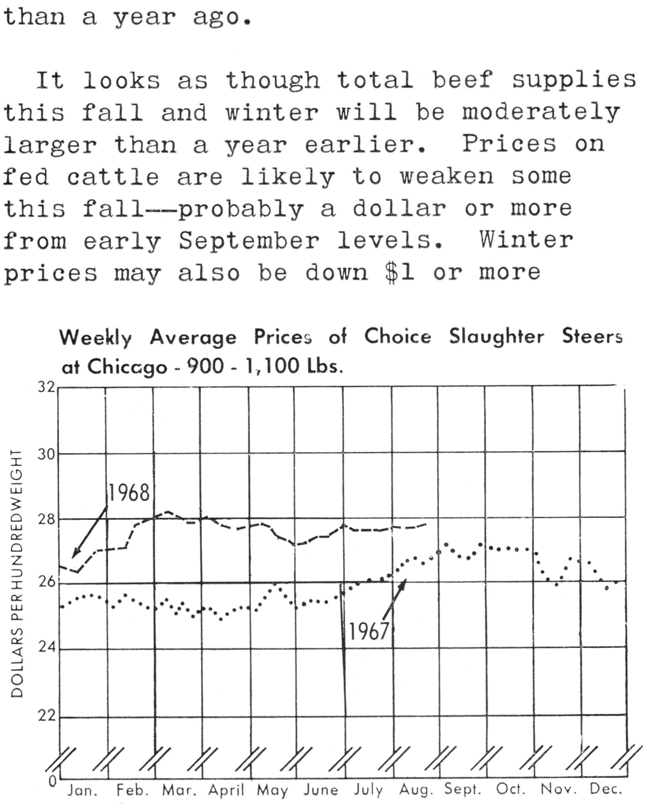
Ample feed supplies in producing areas should result in a normal pattern of feeder cattle movement this fall. Demand for feeder cattle is expected to remain strong — reflecting large supplies and low prices for feed grains, relatively strong summer fed cattle prices and large feedlot capacity. While demand will be good, some decline in feeder cattle prices seems possible, especially if the fed cattle market weakens as estimated.

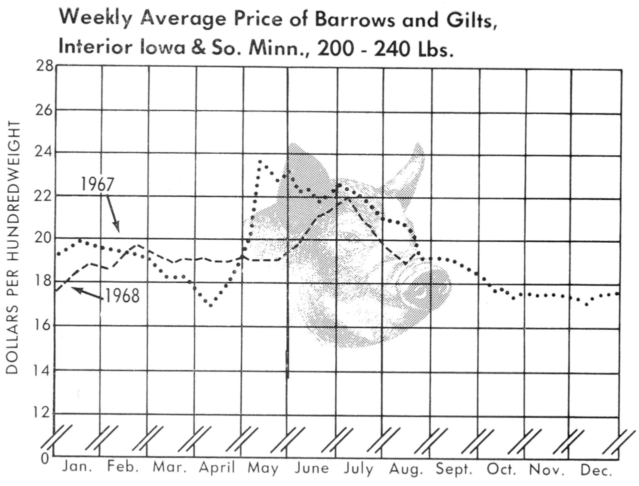
HOGS . . .

Hog marketings in the first 8 months of this year were 4 percent higher than a year earlier. Weekly slaughter rates in August and early September were around 5 percent above last year's level. Volume will increase seasonally during October and November, with supplies about the same as last year's. Seasonally larger marketings will push prices lower — probably to the $17 area by November for barrows and gilts at Interior Iowa plants.

USDA's June estimates of sow farrowing plans for the June-November period are 2 percent above the previous year. If actual farrowings are near this level, hog marketings during the first half of 1969 will show a moderate increase. Also winter-spring price levels would likely be slightly below the past year.

Weekly Average Prices of Choice Slaughter Steers at Chicago - 900 - 1,100 Lbs.





Hog marketings in the last half of 1969 will depend largely upon the size of the 1969 spring pig crop (December-May farrowings). Returns to hog producers so far this year have been above average, aided by relatively low feed costs. With large feed supplies and low prices continuing, at least moderate expansion in spring crop farrowings seems likely. However, an increase of 4 or 5 percent or more could push Iowa prices down to the $15.50 to $16 level a year from now.

SOYBEANS . . .

USDA's September crop report indicated soybean production prospects improved slightly during the month of August. The September 1 estimate showed an expected 1,080 million bushel crop — 11 percent larger than in 1967. With these production prospects, soybean supplies for the coming year appear almost certain to substantially exceed requirements.

Iowa's crop was forecast at 171.6 million bushels — up 17.8 percent from last year, but unchanged from the month earlier estimate. Yield prospects improved in Minnesota, Missouri and the eastern cornbelt states.

Bids for new-crop beans in Central Iowa were around $2.35 per bushel during early September. With present crop prospects some further weakness in prices appears possible as the harvest progresses. But with prices several cents below the loan rate, there should be heavy movement under price support loan.

This should permit prices to recover modestly, beginning possibly in early or mid-winter. Later in the year prices should move up near or a few cents above the loan rate, which is around $2.48 (plus premiums and discounts) in Central Iowa.

Storage past the peak harvest season at present appears likely to at least cover average storage costs, and possibly more. In addition, price support loans are available for all beans, and will provide price protection as well as assistance in financing storage.

CORN . . .

Prospects for the 1968 corn crop also improved moderately in August, according to USDA's September report. U.S. production was forecast at 4,636 million bushels — 80 million bushels more than a month earlier and down 1.8 percent from 1967. The national average yield was placed at a record 83 bushels per acre, compared with 78.2 bushels last year.

Yield prospects improved in Minnesota, Nebraska, Missouri and some eastern cornbelt states. However, the Iowa yield forecast at 95 bushels per acre was unchanged from a month earlier. Indicated production in the state remained at 925 million bushels — about half of one percent less than last year.

During early September, new crop bids for No. 2 corn in Central Iowa were about $.86 to $.88 per bushel. With an increased old-crop carryover, large new-crop supplies and a possible shortage of handling and storage facilities in some areas, prices may show slightly more weakness into the peak harvest period. However, movement under loan should be heavy as a result of low prices during harvest and increased participation in the feed grain program. This should encourage prices to move up toward the loan rate ($1.01 to $1.03 in Central Iowa), possibly by mid- or late winter. The timing of the recovery will depend partly on how soon harvest is completed. Present conditions suggest short-term storage past the peak harvest season is likely to at least cover costs, and quite possibly more.

—Gene Futrell and Robert N. Wisner